

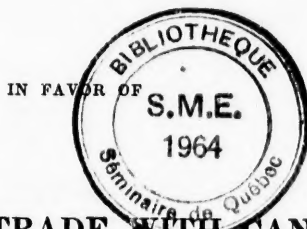
295 H. des E. U. Politique

SPEECH

N<sup>o</sup> 4

OF

HON. JOHN A. DIX, OF NEW YORK,



RECIPROCAL TRADE WITH CANADA:

DELIVERED

IN THE SENATE OF THE UNITED STATES, JANUARY 23, 1849.



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## TRADE WITH CANADA.

The Senate having under consideration the bill to admit certain articles of the growth or production of Canada into the United States free of duty, upon the condition that the like articles of the growth or production of the United States are admitted into Canada free of duty; the question pending being upon an amendment heretofore submitted by Mr. PHELPS:

Mr. DIX said: Mr. President, since this bill was taken up for discussion, I have been unable, from indisposition and other causes, to bestow upon it the reflection which is due to the importance of the subject. But I will proceed, nevertheless, with such preparation as I have been able to make, to explain the objects of the measure and its probable effects; and I will endeavor, at the same time, to answer some of the leading objections which have been made to it.

If I entertained the belief that the operation of the bill would be prejudicial to the interest of any portion of the Union, I should not be its advocate. The first object of all public legislation is to advance the general welfare of the country; but this object ought certainly not to be sought for at the expense of any particular section, or indeed of any single interest. I believe this bill is entirely free from objection in this respect; that it will be eminently advantageous both to the United States and Canada, and do no wrong or injury in any quarter.

Before I proceed to examine the practical operation of the measure upon the commercial interests of the two countries, I wish to notice a preliminary objection which has been raised.

It is supposed that the privileges conferred by this bill upon Canada will be extended, by virtue of certain reciprocity treaties into which we have entered, to the foreign States with which those engagements have been contracted. I take a totally different view of the subject. I believe Senators have put an erroneous construction upon the obligations of the compacts to which they refer.

We have reciprocity treaties with Russia, Denmark, Hanover, Prussia, Mecklenburg-Schwerin, the Hanseatic Republics, and several other foreign

countries. They are treaties with sovereign States, and, by every fair rule of construction, their stipulations, so far as they guaranty reciprocity, must be deemed to relate to engagements with other Powers equally independent. The commercial arrangement proposed by this bill is with a European colony adjoining us—one of those dependencies which the States of the Eastern hemisphere are accustomed to except in their compacts with us for reciprocity of commerce and navigation. If any of the States with which we have treaties stipulating for the same privileges which we confer on others, had dependencies situated like Canada in respect to us, those States might perhaps acquire in respect to such dependencies the same privileges we shall confer on Canada if the bill passes; but I do not admit that they would acquire those privileges for their metropolitan possessions, and for the reason that colonies have always been made practical exceptions to the general rule of international intercourse. Possibly a special reservation may be necessary in every compact, from the provisions of which it is designed to exclude them; but I do not, as I shall show, consider it a matter of any consequence in this case. This we know in respect to Canada, that it is not only expressly excluded from the terms of our commercial intercourse with Great Britain, but it is the subject of distinct stipulations; and yet the British Legation, in accordance with the wishes of the Canadians, has urged this measure upon us under instructions from home, without the least idea that they would gain for Great Britain under our reciprocity treaty with her the privileges they desire us to confer on Canada.

The honorable Senator from Maryland [Mr. PEARCE] said that we had "given a construction to these reciprocal provisions worthy of notice," and he alluded to our treaty with Portugal in 1840, by which it was expressly agreed that the stipulation in our treaty with France in 1831, in regard to French wines, should not be interfered with. This

construction is perfectly consistent with the view of the subject I take. These two treaties were with independent Powers; they were with continental Powers in Europe almost bordering on each other; and a general stipulation in respect to equality of duties necessarily required an express reservation to authorize us to make the duties on any of their products unequal. This, however, is a totally different thing from a commercial arrangement between us and a European colony adjoining us.

But in coming to the conclusion that our commercial relations with Russia, Prussia, and other Powers, under the reciprocity treaties we have formed with them, will not be affected by this bill, I put it on other grounds.

These treaties relate to commerce and navigation, and are intended to regulate the commercial intercourse carried on by those countries with the United States on the ocean. They have certainly not been understood as referring to inland trade and exchange between countries bordering on each other. The right to regulate their interior intercourse with adjoining States has not been supposed to be at all impaired by these commercial engagements. If it were otherwise, if these treaties restrained the States which are parties to them from admitting articles free of duty from a neighboring country, except upon condition of extending the same privilege to the other contracting parties, we should at this very moment be entitled, in our intercourse with Prussia, to all the benefits of the custom-house exemptions of the Zoll-Verein, of which that kingdom is a leading member. Prussia borders on a number of the Zoll-Verein States. These States interchange with her their common products free of duty under the Zoll-Verein compact, or Customs Union. They have stood to each other in the same relation in which we stand to Canada. They had duties on their respective products as we have. They have abolished them, as we propose to do in respect to Canada on a part of ours.

Now, will it be contended that we are entitled to the same freedom of intercourse with Prussia which she shares with those States, because she has stipulated to impose no higher duties on our products than on those of other countries? Surely not; and for the very reason that the stipulations of our treaty with her are intended to apply to external intercourse by sea, and not to inland arrangements between bordering States. The intention of our treaties of reciprocity is stamped upon them in characters not to be misunderstood. The first stipulation (for those of latter years are much of the same import) limits the reciprocal liberty of

commerce and navigation which the treaties were formed to secure to "the ports, places, waters, and rivers of the territories of each party, wherein foreign commerce is permitted." The second stipulation regulates the duties to be imposed on the vessels of the contracting parties engaged in that commerce. The third regulates the duties to be paid on the importation or exportation of their respective products. I admit that, by the letter of these treaties, this bill might affect our commercial relations under them. But I insist that all compacts are to be construed according to their manifest intention, not by one stipulation alone, but by all which relate to the same subject-matter; and I might apply these observations with great force to my first position, and say that those treaties did not contemplate commercial relations with colonial dependencies like Canada. But the whole tenor of their stipulations shows them to have been designed to regulate commerce on the sea, and not the interior traffic carried on by the inhabitants of countries separated from each other by a mere statistical boundary or an astronomical line. They are treaties of commerce and navigation—not of one alone, but of both combined.

When this measure was first proposed, I inquired of the State and Treasury Departments whether it would affect our commercial relations with foreign States under reciprocity treaties, and a decided answer was given by both in the negative. My own examination of the subject has brought me to the same conclusion, whether upon the same grounds I do not know.

If this construction be erroneous, if the privileges proposed to be conferred on Canada will be extended to the foreign States referred to, then, I repeat, we shall, on the same principle, become entitled to the privileges of the Zoll-Verein, in Prussia, and perhaps gain access for our products, through her, to all the other States of that political association, comprehending, I believe, twenty-eight out of the thirty-seven States of the Germanic Confederation. This would, *prima facie*, be an immense advantage, though it is not clear that it would be of any practical benefit. But no one dreamt, when our reciprocity treaties were formed, that they conferred any such privileges on us; and I venture to say it will never occur to any of the States which are parties to those treaties, that the proposed arrangement with Canada will confer any new privileges on them.

But if it were otherwise, the privileges the bill confers are reciprocal. We concede nothing which we do not gain in return. If Hanover, Prussia, and Mecklenburg-Schwerin should acquire the privileges conferred on Canada by this bill, we

should acquire in respect to them the privileges the bill confers on us. There would be entire reciprocity. Our chances of profiting by the arrangement would be as good as theirs. The Hanse-Towns might send us a few more hams; but there is scarcely an article enumerated in the bill which can be brought to us with advantage from the States on the German Ocean and the Baltic. We are too distant for agricultural exchanges. Besides, we are essentially as agricultural as they. Wheat is the only article likely, under any circumstances, to come here, except in the most inconsiderable quantities. In 1837, when flour was ten, eleven, and twelve dollars a barrel, we received over a million of bushels of wheat from Germany, not half the quantity we sent in 1847 into Canada, Nova Scotia, and New Brunswick; but in the former year, under the influence of these enormous prices, England herself sent us over seven hundred thousand bushels—nearly as much as Germany; and yet she imported in 1847 over eighty-six millions of bushels of grain. But such occasions very rarely occur; and when they do occur, the tendency of importation is decidedly beneficial. Its influence is to check prices when they reach the high point of extravagance.

Senators have expressed the apprehension that, if this bill passes, we shall, under the construction they give to it, be deluged with wheat from the Baltic. Let us see how much ground there is for this apprehension. On the 1st of February wheat will pay but one shilling sterling a quarter in Great Britain—about three cents a bushel. She imports from us: we export to her. The price of wheat there must, therefore, always be as much higher than the price here, when she has a deficiency and we a surplus, as the cost of carrying wheat to her from the United States, and this cost, I am told, is about twenty cents the bushel. When it is a dollar here, it must be \$1.20 there. Now, let us see what a vessel laden with wheat from the Baltic would be likely to do in such a case. She must, to come here, sail directly by the ports of Great Britain, where she can get a dollar and twenty cents a bushel, deducting the three cents duty which she must pay. She gets, then, a dollar and seventeen cents. Suppose she continues her voyage to the United States, how will the account stand? Admitting, for the sake of the argument, that the wheat she brings will come in free of duty under our reciprocity treaties, she will get one dollar a bushel; but from this amount she must deduct twenty cents for cost of transportation from Great Britain here. She will get eighty cents here instead of one dollar and seventeen cents in England—thirty-seven cents a bushel less; and this,

on a cargo of several thousand bushels, will amount to no inconsiderable sum. The Northern Germans have the reputation of being rather heavy, but they are, so far as I have had the opportunity of observing them, the Yankees of the Continent in bargaining; and I think they will be found altogether too astute to engage in any such enterprises as honorable Senators apprehend. They will carry on a severe competition with us in supplying England with wheat; but they are just as unlikely to compete with us in our markets as we are to compete with Newcastle in supplying London with coal.

Under the construction, therefore, which Senators give to the bill, I am satisfied its operation would be as beneficial to us as to the States with which we have reciprocity treaties. But I contend that these treaties will not be affected by this arrangement. If I am mistaken, the privileges we confer will also be acquired by us, and we cannot, in any event, be losers.

Let me now turn to considerations which directly concern the commercial intercourse of Canada and the United States.

In order to understand the subject in all its bearings, it will be necessary to see what Canada is, and what she has done for us in the removal of restrictions upon our commerce with her.

The population of Canada (I use a general term, as the two provinces are now united) is 1,527,75 souls, or, in round numbers, a million and a half. With less variety and fertility of soil than the United States, a more rigorous climate, and with colonial restrictions calculated, under the most favorable view of the subject, to impede the development of her resources, to shackle the operations of industry, and to abridge the freedom of individual enterprise, which is always the most powerful stimulus to exertion, it is not to be expected that her progress will keep pace with our own in population or in social and physical improvement. The policy of Great Britain has, within a few years, undergone some important changes, favorable to her in a commercial and political view. Canada, it is true, has lost some exclusive privileges by a relaxation of the colonial system of the mother country, but the latter has extended to her some new facilities, by surrendering the control of the custom-house, so far as respects the imposition of duties; and she has also conceded the principle of the responsibility of ministers which exists at home, so that when the Governor is not sustained in his policy by the Provincial Parliament, he is bound to change his advisers, or, in other words, his Executive Council, which may be considered as the ministry of the colony. The Canadian



Government is thus assimilated to that of Great Britain in the essential feature of its responsibility to the popular voice—a concession which has been gained after a long and patient struggle on the part of a few able and patriotic men in Canada.

Almost cotemporaneous with this fundamental change in the political administration of the affairs of Canada was another of equal importance in respect to her commercial independence. In 1846, an act of Parliament was passed giving the legislative authority of the British colonies the right to regulate their own duties of customs, in respect to British as well as foreign products. At that time there were no duties imposed by British acts on British goods imported into Canada, although there were duties imposed by such acts on foreign goods; but there were acts of the Canadian Legislature, made for revenue, imposing additional or cumulative duties on foreign goods, and a duty of five per cent. on British goods. There was also an act of Parliament declaring that no goods should, "upon importation into any of the British possessions in America, be deemed to be of the growth, production, or manufacture of the United Kingdom, unless imported from the United Kingdom."

The effect of this condition of the law was to prevent the importation of British goods into Canada through the United States, and to impose on the productions of the United States and other countries duties which were protective as to those of Great Britain and Canada.

As early as 1843 the duty on the importation of wheat and flour, of the growth of the United States, going through Canada to the United Kingdom, was reduced to three shillings provincial duty, the quarter of eight bushels, and one shilling British duty, without reference to the sliding-scale, by which the importation of breadstuffs from other countries was regulated. The consequence was, a large importation of wheat and flour from the United States into England through Canada.

The corn laws being repealed, Canada loses this advantage—the advantage of being a carrier for us—and it is now as beneficial to export Canadian wheat to England through the United States (the expense being equal) as direct from Canada. In other words, the wheat of Canada and the United States has equal advantages in the British market.

In 1847, the Parliament of Canada, acting under the authority granted by the Imperial Government, repealed the differential duties, and the new table or tariff of duties then enacted applies equally to goods of all kinds, whether coming from England or the United States. We are, in this respect, placed on the footing of the mother country.

This equality was effected by a double operation of law: first, by reducing the rate of duty on goods of the United States; and secondly, by increasing the rate on British goods, thus bringing both to the same standard or scale. There can be no better evidence of the liberality of the Canadians, and of their earnest desire to put their commercial intercourse with us on the most friendly footing.

The consequence of this change of the law has been to create a considerable importation of British and foreign goods into Canada through the United States, and also to cause a large importation of the productions of the United States into Canada for consumption. The cotton fabrics of Lowell are received on the same terms as those of Manchester. The same remark is true of many other products of our industry, of which we carry large quantities into Canada for consumption. The value of our productions annually introduced into Canada, under these new provisions of law, is stated, on high authority, to amount to more than two millions of dollars. It is natural that the Canadians should desire to send their produce to New York and Boston, to meet the trade which has thus been opened to us—that they, having put this trade upon the most liberal footing in respect to us, should wish to export, on equal terms, such means of payment as they possess in the products of their own labor.

Will the terms of exchange—perfect equality—proposed by the bill be disadvantageous to us? I propose to consider this question somewhat in detail, although it would seem but fair that the liberality which has been manifested by Canada towards us—a liberality by which we have greatly profited—a liberality voluntarily extended to us, without equivalent—should be reciprocated, without stopping to weigh, with over-scrupulous exactness, the precise balance of advantages and benefits.

In the first place, I believe it will be apparent, by looking at the list of enumerated articles which are proposed to be mutually received free of duty, that ashes, flour, and lumber are the only ones ever likely to be brought into the markets of the United States in considerable quantities. Ashes we want, and at the cheapest price. In respect to lumber, there is nothing to be apprehended. We shall unquestionably receive some lumber in New York, but I believe our timber districts do not fear the competition. Besides, it will come to us chiefly in the form of saw-logs for manufacture. New York is almost the only State this competition can affect; and if there is any risk, we are willing to take it, in consideration of the general advantage and convenience the measure promises to confer. It was apprehended by our friends

in Maine, that their interests might be injuriously affected in this respect. But the bill is so shaped as to avoid all interference with them. It applies only to the direct trade with Canada. Articles coming through New Brunswick or the other British provinces will continue on the old footing. The lumber interest in Maine, therefore, will not be touched by the bill; and in all other respects that State will in all probability be as much benefited by it as any other. When the railway between Portland and Montreal is completed, the free commerce secured by the bill must be of the greatest advantage.

Flour, in fact, is the only Canadian product likely to come into competition with our own. Of all the others—animals, hides, cheese, meats, &c.—we shall export more largely into Canada than she will export into the United States. The same remark is applicable to corn, and indeed to most if not all the breadstuffs, except wheat.

It is possible that in certain years—years of scanty production in the United States, provided they are years of abundance in Canada—we may receive some wheat from her. But I do not believe that the amount will even in those years (which are very unlikely to occur) be sufficient to influence prices in the United States in a perceptible degree. If the importation, however, shall in such extraordinary cases prevent the price of grain from becoming extravagantly high, it will be a public benefit, by relieving the poor from the necessity of eating dear bread. In years of ordinary abundance I do not believe prices in the United States will be at all affected by the importation of wheat from Canada. The production of wheat in the United States yields a surplus. Whenever prices abroad are sufficient to sustain exportation, our wheat finds its way to foreign markets; and in these cases it is the price in those markets which fixes the price at home. I believe it may be stated as a principle that the price of a product, which is exported in any considerable quantity, is regulated in the markets of the exporting country by the price in the markets of the country to which the export is made. Our own experience proves the truth of this proposition. In 1847, when we were exporting breadstuffs, the price of flour in New York, the chief port of exportation, rose and fell with the fluctuations of price in the British market with as much certainty as the mercurial column in the thermometer rises and falls with the variations of external temperature. This fact should relieve us from all apprehension as to the influence of this bill on competition with Canada in the production of wheat. She may send her flour to foreign markets now, either by the St. Lawrence, or

through the United States in bond under the act of 1846, allowing a drawback of duties in certain cases. It enters into competition with ours in those markets now. The bill gives no new facility or advantage in this respect, except to relieve her from custom-house formalities. I hold, then, that the wheat of Canada can only have an influence on the price in the United States in very extraordinary years not likely to occur, and in years of exportation, by competition with us in the foreign market, and that, in the latter respect, this influence is as sensibly felt now as it would be under the provisions of this bill. These considerations become the more significant if it be true, as I suppose, that wheat is henceforth to be one of our regular exports.

What, then, are the advantages to be expected from the proposed free interchange of products? The first is, to relieve the inhabitants of both countries, and especially those on the frontier, from the inconvenience of the custom-house in respect to necessities of common production and daily use. The next is, to enable the Canadians to export their produce through the United States to foreign markets without paying duty at the frontier, and with a deduction of two and a half per cent. on the drawback at the place of exportation. The custom-house formalities seem to have been a great obstacle to the use of our canals and internal channels of communication by the Canadians. From December 1, 1846, to July 1, 1847, we received from all the British North American Provinces 929 bushels of grain of all kinds, and no flour, while we sent them more than two millions of bushels of wheat during the year. During the previous five months we received from all the rest of the world 309 bushels of wheat and 54 cwt. of flour—equal to 27 barrels. The last year the Canadians have used our canals more extensively. The returns are not yet printed, but I understand that at least 70,000 barrels of flour have been exported through the United States. Whether the experiment will succeed remains to be seen.

Mr. CLARKE. Will the Senator from New York state where he obtained this information?

Mr. DIX. I have ascertained the fact from some statistical statements published in a newspaper at Oswego, containing the transactions at the collector's office. This information is given in an official form in the annual report on commerce and navigation received yesterday; but I have not been able to examine it. From the source I have before referred to, I learn that 50,000 barrels of flour were received at Oswego. At Buffalo the amount was probably less.

The bill will undoubtedly lead to a free inter-

change of products among the frontier inhabitants. If, in the course of these exchanges, we receive any Canada wheat for consumption, it must be in the few individual cases in which the sellers of our products to the Canadians are able to consume it more freely. To a very limited extent it may possibly reach a new class of consumers, who will become exporters on a small scale, under this bill. For instance, one of our frontier inhabitants who, under the proposed arrangement, can carry half a dozen sheep into Canada without paying the duty of forty cents a head, now exacted by the Canadian tariff, and bring back as many bushels of wheat without paying the twenty per cent. duty imposed by our tariff, will save between three and four dollars in an exchange of products of the value of twelve or thirteen dollars—a monstrous tax!—and he may thus be enabled to eat wheat bread for a while, instead of living exclusively on the coarser breadstuffs. This must be the only effect in ordinary years, when we produce more wheat than we require for our own consumption. We can take none from other countries, unless we consume it more freely; and our increased consumption under this bill must not only be extremely limited, but of such a nature as not to interfere with our own production. But these are very small matters, hardly worthy to be taken into the account in an estimate of large transactions.

Let me now test the truth of my position—that we have nothing to fear from competition with Canada in wheat-growing—by a resort to arithmetical demonstrations. The population of Canada is about half the population of New York. That part of the province which was once politically known as Upper Canada, and which, for distinction, I shall still call so, is the wheat-growing region. The Lower portion does not produce enough for its own consumption. It always draws largely upon the Upper. The least failure of the crops in the Lower would be sure to absorb the whole surplus of the Upper. If there were any just ground of apprehension in respect to our wheat-growing districts, looking to general considerations, it would be removed by the custom-house statistics of Canada for the year 1847—the great year of exportation for American breadstuffs by reason of the famine in Europe. I take for illustration the most unfavorable year for my purpose—the year in which, from unusual causes, the export of wheat by Canada was greatest. I do so that those from whom I differ may have every advantage they can ask in the argument. The quantity of flour imported in that year into Canada was about 84,000 barrels, and the quantity exported about 676,000: the quantity of wheat imported 562,000 bushels, and

the quantity exported 668,000 bushels. The imports, of course, were from the United States. The excess of exports over imports was 592,000 barrels of flour, and 106,000 bushels of wheat. This entire export was probably to Great Britain, her American islands, and her Atlantic provinces, Nova Scotia and New Brunswick. Notwithstanding this export of flour from Canada, New Brunswick received from us, in the same year, over 100,000 barrels of flour, and Nova Scotia nearly as much more.

The result of my inquiries is, that in ordinary years the upper portion of Canada produces a surplus of about 2,000,000 bushels of wheat, and that a considerable part of this surplus is consumed by the lower portion, including Quebec and Montreal, and the demands for their shipping. In 1847 Canada produced 4,560,967 bushels of wheat, and imported 982,468 bushels, (including flour, and estimating one barrel of flour to be equal to five bushels of wheat,) making an aggregate of 5,543,435 bushels produced and imported. In the same year she exported 4,047,366 bushels, making a balance of 1,496,069 bushels consumed at home. This is less than a bushel for each inhabitant—probably not more than half her consumption in ordinary years. But the price of wheat being extravagantly high, the consumption must have been greatly diminished, for the purpose of exportation, by resorting to the coarser grains for domestic use. The statistical tables of earlier years prove the export of 1847 to have been extraordinarily large. From 1838 to 1843 the annual export varied from 50,000 to 350,000 barrels; but in this last amount was included a large import from the United States. It is not probable that her export is essentially different when there are no unusual causes to stimulate exportation. Taking one year with another, and deducting from the entire export of wheat from Canada an amount equal to that which we send to her, to Nova Scotia and to New Brunswick, and I doubt whether there will be much of a balance left. In 1847, which was an extraordinary year, while Canada only exported 3,064,898 bushels of wheat over her imports, we carried into the British North American Provinces alone, in the same year, 2,279,068 bushels. While Canada produces less than three bushels of wheat for each inhabitant, we produce more than five and a half bushels for each inhabitant; while she consumed in 1847 less than one bushel of wheat for each inhabitant, we consumed nearly four bushels and a half for each inhabitant, notwithstanding the temptation of high prices to export and to consume cheaper breadstuffs; while her entire product of wheat in 1847 was four millions and a half of bushels, ours was



over one hundred and fourteen millions of bushels.

Against an export of less than six hundred thousand barrels of flour from Canada in 1847, (her excess over imports,) we exported nearly four and a half millions of barrels; and against an export of one hundred thousand bushels of wheat from Canada, (excess over imports,) we exported nearly four millions four hundred thousand bushels. In the same year we exported twenty million bushels of Indian corn and meal, while she exported none. The idea that a million and a half of people, about half the population of New York, with a soil far less favorable to the growth of wheat than our own, can successfully compete with us either in the foreign or the domestic market, and injuriously affect production with us, with twenty millions of people, seems to me a very idle apprehension. It has been stated, on high authority, that the entire trade of the British North American colonies, with three millions of people, does not equal that of Connecticut, with only three hundred thousand inhabitants. The more numerous, active, and enterprising must always have the advantage in exchanging on equal terms. The very fact that we send into New Brunswick every year at least one hundred thousand barrels of flour, and probably as large an amount into Nova Scotia, seems to indicate that we might enter into successful competition with Upper in supplying Lower Canada, if all duties were to be removed. At least our surpluses will, to some extent, meet there.

Looking to the wheat culture alone, therefore, I should have no fears. But if we consider the subject in connection with the export of cattle, corn, salted meats, and other articles, there can be no reasonable ground to apprehend that we shall be losers. We must be gainers. Large quantities of cattle and corn are now exported to Canada, with a specific duty, equal to about twenty per cent. against them. We sent into Canada in 1844 thirteen thousand barrels of pork, and in 1847 about the same quantity, with a specific duty of one dollar and twenty cents the cwt. against us. The removal of these duties cannot but have a most decided influence in increasing the traffic of the northwestern States with Canada.

It has been suggested that the proposed measure, by removing the duties on the enumerated products, will destroy the protection which those duties secure to our agricultural industry. The answer to this suggestion is, that the proposed arrangement is founded upon a mutual abolition of duties, and that the protection extended to like articles of the production of Canada will also be removed. There can be no necessity of protecting our products against Canada, when she ceases to protect her

products against us. But the measure will, in truth, be of infinite advantage to our agriculture. Canada sends few products to us; we send many to her. We produce corn, which she needs, and which she cannot raise in sufficient quantity for her own consumption. Her winters are longer than ours; and, as the expense of keeping cattle from autumn to spring is greater, she will always rely on us for her supplies, both for the slaughter-house and for farming purposes. There is now a duty of \$4 40 a head on cows, and seven dollars a head on oxen, on importation into Canada. The removal of these duties will be a great advantage to us. In short, under all its aspects, this measure will, on examination, be admitted to be of infinite benefit to our agriculture. It will, in most cases, remove duties on our products, which operate as a direct discouragement to their exportation, while the removal of the duties on the like articles of the production of Canada cannot affect us, as those duties are chiefly on products which will not come into competition with ours, and are therefore not protective. In a word, I can fancy no measure more likely to be beneficial to our agriculture than this. The highest species of protection to industry is that which opens new markets for its products. In this point of view this measure is eminently protective; it is just, legitimate, effective protection; and if gentlemen desire (as I have no doubt they do) to advance the agricultural interests of the country, they ought to sustain it.

Let me now state a few further statistical facts to the Senate, for the purpose of showing how little influence any increased interchange of products with Canada under this bill is likely to have on our aggregate exchanges with foreign countries.

The duties on merchandise collected in all the inland frontier districts, commencing at Burlington, on Lake Champlain, and terminating at Chicago, on Lake Michigan, are as follows:

For 1845.....	\$57,818 55
For 1846.....	66,828 80
For 1847.....	66,019 80

Making an average of \$63,555 71 per annum for the three years.

Estimating the rate of duty at 33½ per cent., the whole value of the articles imported from Canada into the United States, and paying duty at the custom-houses, averages \$190,667 13 per annum. A portion of the duties was, in all probability, refunded in 1847 under the law allowing a drawback on reexportation of the articles on which the duties were paid. I learn that the amount of goods entered at Buffalo and Oswego for the benefit of drawback was greatly increased during the last year, as the returns, when we receive them, will

undoubtedly show; but the amount refunded will be proportionably increased, so that the treasury will not be affected by the augmented collections from this cause.

Our entire imports from the British North American colonies in 1845 were of the value of about two millions of dollars. Of this amount more than nine hundred thousand dollars consisted of gold and silver, and more than eleven hundred thousand, including specie, were free of duty. The remaining nine hundred thousand dollars are to be divided between Canada, Nova Scotia, and New Brunswick; and from the nature of the articles it is manifest that the quantity received from Canada was but a small portion of the amount. For instance, fish constituted nearly four hundred thousand dollars of the nine hundred thousand; and this came from the Atlantic provinces. The year 1847 gives nearly the same aggregate result. Our entire imports from all the British North American colonies constitute a very inconsiderable part of our commercial transactions with foreign States; and no change we can make in our intercourse with Canada can have any material influence upon them.

Notwithstanding this small import from the British North American colonies, our commercial intercourse with them, including Canada, is as beneficial for its extent as that with any portion of the world. We sent into them in 1847, products of the value of nearly eight millions of dollars—about five million eight hundred thousand domestic, and over two millions foreign. The foreign exports were probably, to a great extent, sent through the United States on foreign account. Our imports directly from those colonies, the same year, were of the value of about two millions and a quarter. The remaining five millions and a half (deducting some hundred thousand on foreign account) must have been paid by bills on England. A large portion of our exports into Canada is probably paid for in this way. She sends her lumber and flour to England, and with the proceeds pays us the excess of her imports from us over her exports to us.

But it is only a small portion even of these exchanges which this bill can affect. It is only that portion which embraces the enumerated articles. Now, I have ascertained that in 1847 we did not import of those articles from all the British North American colonies an amount equal in value to one hundred thousand dollars. From Canada it must have been quite inconsiderable. The intercourse this bill is destined to affect is, therefore, not only limited in its extent, but it is essentially local in its character. No apprehension is expressed in any quarter as to its practical operation, excepting

as respects competition in the production of wheat. I trust I have shown that even this apprehension is without foundation. But if it were not so, the States on the frontier are those most likely to feel the influence of the competition. Ohio is the largest wheat-growing State in the Union. She produces a little less than seventeen millions of bushels—nearly four times as much as Canada. Next in order is New York, with a product of fourteen millions and a half of bushels—more than three times as much as Canada. Michigan, in 1847, with a population not one-fourth of that of Canada, produced nearly twice as many bushels of wheat. These are the States which should object to the free exchange proposed by the bill, if objection could reasonably be made in any quarter; and yet they are the very States in which the measure is most earnestly desired. It is, in truth, a measure which exclusively concerns the inhabitants of the frontier; and I earnestly hope Senators representing States which are far removed from it, and which cannot be affected by the proposed measure, will consent that the wishes of the parties immediately interested shall furnish the rule of their intercourse with each other.

I have endeavored to show, Mr. President, that the Canadian Government has acted with great liberality towards us; and that by reciprocally removing the duties on the agricultural productions of both countries enumerated in this bill, we do no injury to any interest, but create a mutual benefit.

I was very much surprised to hear the Senator from Maryland [Mr. PEARCE] say that there was no reciprocity in the proposed arrangement; that "the bill is delusive. If it pass, not a dollar's worth of any of these products will be exported from the United States to Canada." The Senator could not have examined this subject with his accustomed care. Let me convince him that he has not done so. In 1847 we exported to Canada 83,983 barrels of flour, and 562,553 bushels of wheat, with a duty of about seven and a half cents a bushel on the importation; we also sent her 64,378 bushels of other grains.

Mr. PEARCE. I will thank the Senator to state whence he derives his information. I do not find it in the public documents.

Mr. DIX. I have obtained the information from the custom-house statistics of Canada, to which I have referred, furnished at my request by the officers of the Canadian Government.

We also sent into Canada 943,280 pounds of tallow, with a duty of one per cent., (the very large export probably resulting from the very low duty;) 28,000 pounds of butter, with a duty of

\$1 50 per cwt.; 1,458 oxen, with a duty of \$7 a head; 14,701 bushels of potatoes, with a duty of ten per cent.; 49,099 bushels of apples, with a duty of ten cents per bushel; 16,809 barrels of salted meats, chiefly pork, with a duty of \$1 20 the cwt.

The duty on sheep is nearly prohibitory. It is, at ordinary prices, forty per cent. Nearly the same may be said of the duty on most other animals. Now, I do not hesitate to say, that the export of most of the enumerated products may be very greatly increased by the removal of the duties upon them; and I am satisfied that the Senator from Maryland will find, on a more careful examination of the subject, that he has entirely misapprehended the operation of the bill upon the agricultural interest of the country.

And now I wish to notice, in the briefest manner, the amendment proposed by the Senator from Vermont, [Mr. PHELPS.] The effect of the amendment, if adopted, must be to defeat the measure. It cannot be accepted by Canada. The articles the amendment proposes to make reciprocally free are hats, boots, shoes, and other manufactures of leather; cotton and woollen fabrics. These are all manufactured articles. The bill contemplates a free exchange of certain agricultural products. The amendment changes the whole character of the bill. It extends to a class of imports on which Canada must rely for revenue. It would be just as unreasonable in her to ask us to receive her furs free of duty.

But the duties on these articles, though revenue duties, are exceedingly moderate. They come within the range of those proposed by General Hamilton in his celebrated report on manufactures made shortly after the organization of the Federal Government. The duty on hats is  $7\frac{1}{2}$  per cent.; on boots, shoes, and manufactures of leather of all kinds, an average duty, I think, not exceeding 10 per cent.; and on manufactures of cotton and wool  $7\frac{1}{2}$  per cent. These duties are not only moderate, but low; and without reference to the departure of the amendment from the general policy of the bill, it is unreasonable to ask their abolition.

Besides, the same duties are imposed on like products of British manufacture. The mother country has no advantage over us in this respect in Canada, and we ought not to ask an advantage over her.

It is quite manifest that the amendment must defeat the bill; and I entreat Senators not to give it their support. If the bill is not acceptable to them, I trust they will, at least, consent to manifest their opposition to it by a direct vote.

I now come to an objection to the bill which I con-

sider it proper to notice, though I regret to be under the necessity of making any reference to it. The Senator from Virginia [Mr. HUNTER] terms this bill a measure "of quasi annexation, because the advantages which are urged as arising from it seem to relate to some such project in the future." Mr. President, if this measure had any such object, we might reasonably count upon the support of the Senator from Virginia, if there were no other ground of objection. It is but four years since every Democratic vote in this body from the northern, northeastern, and northwestern States was cast for the annexation of Texas. If Canada should desire to unite herself to us, are we not to expect the same unanimity among our Democratic friends in another quarter? or are we to understand that annexation is only to be countenanced when it can be made at one extremity of the Union, and to be opposed at the other?—that even freedom of intercourse is to be discouraged and repelled, because it may by possibility lead to such a result in the future? I hope the intimation of the Senator from Virginia is not to be so understood. If it is, it is well that we know now in what manner our coöperation in the annexation of Texas and the acquisition of Florida is likely to be reciprocated.

Mr. HUNTER. The gentleman from New York is mistaken if he supposes I urged this view of the bill as an objection to it. I stated the fact without comment on it, or intimating either an approval or condemnation of it. I said that such must be its purpose, for that the best arguments urged in its favor seemed to be based upon some such prospect in the future.

Mr. DIX. I am aware that the Senator did not comment upon the intimation he made, though I understood him to make it by way of objection to the bill. But I am happy that he does not wish it to be so received. While on this subject, I desire to say, that so far as I am concerned, so far as concerns those with whom this measure originated, no such design was even imagined until it was suggested by those to whom it seems to be unacceptable. I believe (though I am not sure) this proposition came originally from Canada—from the liberal party in Canada—though it was cordially acquiesced in on our side by those who supposed they had a direct interest in it. Among the first by whom it was publicly suggested, if I remember right, was the Secretary of the Treasury. He has twice recommended it; and undoubtedly because he regarded it as a commercial arrangement which would be beneficial to both parties.

I know personally many of the prominent men in Canada. I know they are strongly opposed to a separation from the mother country. They

desire union with England first, independence next, annexation to the United States last of all. They desire a free exchange of products with us, because they believe the existing restrictions upon our commerce are prejudicial to both countries; and they desire nothing more. What the feeling is with the great body of the people in Canada, I have no means of knowing. That they desire free intercourse with us, there is no doubt. Beyond that, I know nothing of their opinions or wishes.

For myself, I have heretofore spoken freely on this subject. I would neither be forward in courting the annexation of adjacent States, nor backward in acceding to it. I would neither make overtures nor repel them, without good cause. I believe we are large enough for all the purposes of security and strength; but I do not fear further extension, nor would I decline it when circumstances render it convenient to ourselves or others.

Mr. President, this consideration has been urged, and urged directly, as an objection to commercial freedom between the United States and Canada. I have recently heard it from the anti-liberal party in Canada, who are for new restrictions on our commerce. They are in favor of existing restrictions as well as new ones, upon the ground that free intercourse may lead to a political union between Canada and the United States. The Board of Trade in Montreal, in a petition to the Queen, on the 18th December last, prayed for a renewal of the discriminating duty on American grain in favor of colonial grain; and one of the reasons assigned was, that the recent changes in the commercial relations of Canada had led to "a growing commercial intercourse with the United States, giving rise to an opinion, which is daily gaining ground on both sides of the boundary line, that the interests of the two countries, under the changed policy of the Imperial Government, are germane to each other, and under that system must sooner or later be politically interwoven."

Whether this view be just or not, I do not believe the result is to be defeated in either of the modes proposed—by a continuation of existing restrictions, or by the imposition of new ones. I believe the tendency of such measures will be to hasten and to consummate the very end they are intended to defeat. Let us see if it be not so. A man at Champlain, New York, or Swanton, Vermont, wishes to sell an ox to his neighbor in Canada, living in sight of him, and take wheat in exchange. On making his entry at the Canadian custom-house, he is taxed \$7 on the importation of his ox. He brings back thirty-five bushels of wheat, at \$1 a bushel, and, on entering them at our custom-house, he is taxed 20 per cent. *ad*

*valorem*, (\$7 more,)—fourteen dollars tax to the two Governments for the privilege of exchanging his commodity with his neighbor, separated from him in one case by a narrow sheet of water, and in the other by an astronomical line. Now, I venture to assert that these impositions will not long be submitted to on either side; and if they are not removed by the two Governments, the inhabitants of both countries will look to annexation as the only practicable measure of relief. Sir, a liberal policy is always the most wise as well as the most just; and, I say again, that the people of the two countries will not submit to such a system as I have described—a system executed by an army of custom-house officers on each side of the boundary line, placed there to enforce exactions which absolutely prohibit commercial intercourse, or to fill their bags of plunder out of the hard earnings of the frontier inhabitants. And I cannot believe that those who advocate the doctrines of free trade will sustain a state of things so utterly at variance with their own principles; that they will be found acting in-unison with the anti-liberal party in Canada, upholding commercial restrictions, which do no good, against commercial freedom, which works no injury; throwing impediments in the paths of those who are marked out by the great features of the districts they inhabit for friendly intercourse, and creating these embarrassments for the avowed purpose of making them alien to each other.

Notwithstanding the opinion of the Senator from Maryland, there is another consideration in favor of this bill which I consider of vital importance to us. We have earnestly desired, since the American Revolution, the free navigation of the St. Lawrence. In 1826 it became the subject of diplomatic correspondence between the two countries. The discussion exhibits the high value we have attached to this privilege. Indeed, we claimed it as a right; and it was asserted as such by Mr. Clay in a letter of great power and eloquence. The right was not admitted by Great Britain, and the matter was dropped. But there has been no period when we would not have been willing to grant an equivalent for a privilege in which, according to Mr. Clay, nine States have an interest. Canada is now desirous of granting it without equivalent. She stands ready to pass a bill opening the free navigation of the St. Lawrence to our vessels. Her Parliament is in session. The liberal party, which is now in power, is about to bring the measure forward; and I am happy to say that Lord Elgin, the Governor—a gentleman distinguished for an enlightened and liberal statesmanship—is in favor of the measure. Its success is certain, if we do not decline the reciprocity asked for by this bill.

When the Senator from Maryland said that the navigation of the St. Lawrence was useless to us, he could hardly have been aware that ship canals have been constructed around the falls of Niagara, and other points below, to connect the great lakes with the Atlantic Ocean by way of the St. Lawrence, and that vessels of three hundred and fifty tons pass freely through these internal channels of communication. During the last summer, two of our revenue vessels passed from Lake Erie and Lake Ontario, through the St. Lawrence, to the Atlantic. When our ships can go to Quebec by sea and meet vessels from our northwestern States, there can be no doubt that large quantities of the products of those States will be carried, in summer, spring, and autumn, in this direction by our own vessels to Europe. If this bill becomes a law, I have no hesitation in predicting that vessels at no distant day will be laden with wheat in Chicago, Green Bay, Detroit, and Cleveland, and unlade in Liverpool. Ship-owners, producers, all will be greatly benefited by this free commerce, which will have an advantage in avoiding transshipment between the point of embarkation and the sea, or the foreign market. If the result is to affect in any way producers in the Middle States, as Kentucky in the West, and Maryland and Virginia on the Atlantic, it will be to relieve them from competition in our own markets with the wheat-growers of Ohio, Illinois, Michigan, and Wisconsin; and I greatly err if gentlemen from the wheat-growing States do not find themselves acting in direct contravention of the interests of their constituents in opposing this measure. In any point of view under which the subject can be considered, the opening of the St. Lawrence will be of incalculable benefit. It is, indeed, the only outlet of the Northwest to the sea for vessels of any magnitude—the only outlet of this kind they can ever have; for with all the facilities for internal communication New York possesses, a ship-canal through her territory is opposed by physical obstacles too serious to be overcome.

I believe the adoption of this great measure—the free navigation of the St. Lawrence—depends on the passage of this bill. If the reciprocity it provides for is refused, we cannot expect that Canada will grant us what she considers as a boon, what we claim as a right, and what all must concede to be a privilege of inestimable value. On the contrary, if the liberal course she has pursued is met by an illiberal spirit in us, I fear she will be compelled, in self-defence, to resort to her old system of differential duties, and to continue the restriction on navigation. There is a strong party in Canada in favor of this course. I have already

alluded to the anti-liberal party. I have quoted their recent petition to the Queen in favor of discriminating duties on our products. And, sir, I greatly fear, if this bill is defeated, that we shall put a weapon into their hands to be wielded to our serious annoyance and injury. To withhold, therefore, a just measure of reciprocity, as I verily believe, of mutual advantage to both parties, would not only be exceedingly narrow in policy on our part, but, like all selfishness, it would defeat itself, and result in a loss of benefits we already enjoy. These benefits, as I have already shown, are—first, equal duties in Canada on American and British goods; and second, a market for at least three millions of dollars in value of the products of our industry.

Mr. DAYTON. Will the Senator allow me to interrupt him? The statement of facts he makes is important; and I desire to know on what authority he says that our manufactured articles are received in Canada on the same terms as those of Great Britain.

Mr. DIX. I state it on the authority of the Canadian tariff, which I shall be happy to show the Senator from New Jersey; and I will add, that large quantities of our manufactures are carried into Canada for consumption—iron castings, coarse cottons, and a variety of articles sent from the New England States, New Jersey, and Pennsylvania. To these States the increased intercourse proposed by this bill will be of great importance. The prospective benefit (which we should reject by a narrow policy) is the free navigation of the St. Lawrence—one of the highest prizes offered to the commercial enterprise of the country for many years. It will also carry with it the application, which we have always contended for, of a principle of the greatest value in international intercourse—a principle generally conceded in Europe, since the report of Baron Von Humboldt—the right of riparian States to an outlet to the sea by the water-courses on which they border. These seem to me to be advantages which far outweigh in importance any considerations of pecuniary profit to be drawn from a close computation of the number of bushels of wheat which may be reciprocally received and exported; though, even on this narrow ground, I trust I have shown that we are not likely to be losers by the competition.

There is another view of the subject which, I confess, weighs greatly with me. The liberal party in Canada has been struggling for years to obtain the measure of political and commercial freedom to which they believe every community of men to be fairly entitled. Commercial freedom they have secured—not fully, but so far as to give them the



regulation of the impost: political freedom, so far as to give the popular voice a control over all cardinal subjects of internal administration and external intercourse. The first use they have made of this partial independence of the mother country is to tender to us the most liberal terms of commercial exchange. They have extended to us these benefits without equivalent. We have enjoyed them for nearly two years with great advantage. They now ask equality in exchanging a few agricultural productions common to both countries. Sir, I should deeply regret that the United States, powerful and populous as they are, should withhold from a comparatively weak and dependent neighbor a privilege claimed on grounds

so fair in themselves, and so entirely in accordance with the liberal principles by which we profess to be governed. It would be but a poor encouragement to a country adopting our political maxims to some extent, and carrying them into the administration of her own commercial affairs, to be driven from the liberal policy she has espoused into the old system of exclusion; to be thus checked at the very outset in her attempts to cast off the shackles which she has regarded as the greatest impediment to her prosperity, to be forced to this alternative, too, by us—the country, above all others, most interested in the establishment and maintenance of an enlightened policy in government and in commerce.

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